

A. POLICY AND GENERAL QUESTIONS

1. Q. Because of some exorbitant delays with interstate requests for information, some SESAs have closed cases without receiving responses. Must the Regional monitor code such cases as exceptions, even when waiting for interstate responses would result in the SESA failing to meet the timeliness requirements for case completion?
 - A. Yes. The Regional monitors should abide by ET Handbook No. 396 instructions and enter an exception code if the SESA closes a case before it is complete. The problem of delayed interstate requests needs to be dealt with at its source, and proper coding will help identify and measure the extent of the problem. SESAs are not to close cases until investigations are completed. Additionally, if a SESA fails to meet the timeliness requirements for case completion because of delayed interstate responses, "good cause" can be found. (Refer to page VI-6 of ET Handbook No. 395.) Regional Offices need to ensure that UI Directors and other SESA managers understand that some cases may exceed the time frames through no fault of the QC unit so they do not mistakenly misuse the program measure.
2. Q. Is a SESA required to download information from the agency mainframe to the micro-computer or to establish a login account in the SESA mainframe computer for the sole purpose of allowing data file transfer from the State computer to the QC computer?
 - A. No. The UI QC system has been designed to be as highly automated as possible. It is designed to: (a) increase the accuracy of data flow by minimizing the number of paper transactions and simplifying data storage and retrieval; (b) increase the usefulness of data by simplifying data retrieval and raising the sophistication with which it can be manipulated and combined with other data; and (c) reduce the amount of time QC staff must spend in data handling. If a SESA does not elect to download sample information, it will have to be entered manually. This will require additional work on the part of the QC staff. SESAs are encouraged to eliminate such time consuming tasks whenever possible. However, it is not the Department's intention to mandate the internal operations of a SESA. The decision to create a mainframe to micro computer link rests entirely with the SESA.

3. Q. Page II-4 d.(1b) of the UI/QC Monitoring Handbook (ET Handbook No. 396) states that the QC Supervisor or higher authority should be questioned to ascertain whether or not QC staff fall within the State Merit System. If it appears that the QC staff are outside the State Merit System, documentation must be obtained from the SESA to verify the fact and to use in pursuit of a solution. Does the Wagner-Peyser Act as amended by Public Law 97-300 (48 FR 50662-50668) supersede this requirement? Specifically 48 FR page 50664 which states "It was suggested that the regulations be extended to include requirements for a merit system of personnel administration. The final regulations have not been revised to include this requirement; however, it is noted that nothing in the Wagner-Peyser Act, as amended, or the final regulations inhibits or discourages the States from utilizing merit systems for personnel administration." Can this be construed to mean that the States do not have to have the QC unit under the State Merit System?

A. No. The QC regulations (602.11(a)) "...require that a State law provide for such methods of administration as will reasonably ensure the prompt and full payment of unemployment benefits ... with the greatest accuracy feasible." The citation used for this authority is Section 303(a)(1) of the Social Security Act which requires: "Such methods of administration including (after January 1, 1940), methods relating to the establishment and maintenance of personnel standards on a merit basis..." These form the requirements for UI QC positions. The Wagner Peyser regulations referenced above allow for additional flexibility to State managers to combine merit and exempt positions in the administration of the Employment Service. The reference to Wagner-Peyser provisions do not apply to UI positions.

4. Q. Can a SESA QC program operate at the minimum level of four hundred (400) cases per year, as indicated in Section 602.21(b) of the QC regulations?

A. Yes, under certain circumstances. Section 602.21(b) states that States shall be required to "select representative samples for QC study of at least a minimum size specified by the Department to ensure statistical validity (for benefit payments, a minimum of 400 cases of weeks paid per State per year)." The minimum sampling levels are assigned to insure that estimates of the population are made with acceptable precision. Sample

sizes reflect several factors including the State's total claims population. Reductions to the annual sample sizes assigned to each SESA are allowed only as an exception to liberate resources for special studies and program studies approved by the Department, pilot study agreements, and approved QC projects. The minimum of 400 cases per year for Benefit Payment QC, as found in Section 602.21 (b), is the level below which States may not go after receiving approval to participate in special studies, pilot studies, and/or approved QC projects.

5. Q. States are to adapt the Claimant Questionnaire as required by the unique aspects of their laws. Regarding question #46 that pertains to the receipt of disqualifying/deductible income, is it necessary to remove categories which have no bearing on the receipt of benefits? Some States feel that claimants frequently confuse the terms used to identify the categories; therefore, it is better to leave the Questionnaire as it is using all possible terms. If the claimant makes an entry in any category, let the investigator determine which category is proper after reviewing the answers with the claimant. Other States feel that certain categories, e.g., IRA, which have no effect on claims in their States should definitely be removed because of privacy concerns.
- A. No. Categories that do not affect the claim may be retained on question #46. However, a careful review should be made to ensure that no State statutes are violated by asking for such information.

B. INVESTIGATIVE PROCEDURES

1. Q. Since the QC investigation is focused on the KW, is it required that claimant information contained in the claim, but that does not constitute a potential eligibility issue, be verified by QC investigators? For example:

On the initial claim form, a claimant answers the question that he/she has dependents that require care. Must QC verify that child care exists and obtain a statement from the babysitter?

- A. Yes, if the information in the agency record raises a real eligibility issue. Verification of any other information is up to SESA discretion. In the example above, QC should determine if child care was related to the claimant's reason for separation. QC staff should also look at the claimant's work history and availability for future employment in relation to child care. If a potential eligibility issue arises, child care should be verified.
2. Q. When a QC unit in SESA A requests a CWC wage verification from SESA B and the verification results in a different base period wage amount, can SESA B give the wage information directly to their CWC unit for processing of an amended IB-4 that would go back to SESA A?
- A. Yes. However, all SESA QC units should be aware of the CWC guidelines that apply. The CWC rules at 20 CFR Part 616 require that all wages located in the transferring SESA (State B) are transferred to and used by the paying SESA (SESA A). The wages that are transferred are wages according to the transferring SESA's laws. This is an important point for the QC units of the paying SESA to keep in mind. When the interstate request for wage information is sent on a CWC claim, request the wage verification according to the transferring SESA's law. Otherwise it will appear there is a problem with base period wages when there is none. QC units should stay in close contact when an amended IB-4 is required and keep each other informed of the progress.
3. Q. How can we reduce the number of interstate requests that are sent to a SESA because an employer's corporate offices are located in that State even though the payroll is located in the State sending the request? These requests slow down everyone and the number of these requests is growing.

- A. QC units should be making every effort to confirm the location of payroll records before sending any interstate requests. In most cases, a phone call to the potential payroll location would be sufficient. All QC units need to work together on interstate requests to ensure that accurate information is obtained in a timely manner.
4. Q. When is it acceptable to obtain a questionnaire or other QC verifications by mail? Can examples be provided?
- A. It is acceptable to obtain a questionnaire or other QC verifications by mail when all reasonable alternatives have been explored and exhausted or if a contact is necessary outside the SESAs which participate in QC. Following are some examples.

Acceptable

1. The claimant did not appear at the interview and did not respond to call-in letters. The claimant's phone had been disconnected. The investigator went to the claimant's last known address (an apartment) and found someone else living in the apartment. The investigator contacted the apartment manager who gave the name and number of claimant's relative that was on the rental application. Upon contacting the relative, the investigator learned that the claimant had returned to work and was living in central Canada. The relatives had a forwarding address so the questionnaire was mailed to the claimant.
2. The claimant applied for work during the KW with the Captain of a ship as a cook. The ship had since sailed. The investigator located the company that owned the ship and was told the Captain has sole responsibility for hiring his crew. The ship will be gone four months with three ports of call. The company indicated that mail could be sent ahead to the next port of call and agreed to mail the work search verification to the Captain in Australia.

Unacceptable

1. The claimant lived in a remote area of the State. After waiting several weeks to see if other cases would be drawn in that area, the questionnaire was mailed to the claimant.
2. The claimant did not appear at the interview and did not respond to call-in letters. The investigator could not reach the claimant by phone even though several attempts were made over a three-day period. Due to the investigator's backlog of cases, the questionnaire was mailed to the claimant.

3. When contacting an employer to verify wage information, the investigator found out he would have to return another day and then wait several hours to obtain the information. The investigator, deciding he did not have enough time to make another visit and wait, mailed the form to the employer for completion.

5. Q. How should QC verifications be obtained for the Virgin Islands since the Virgin Islands does not participate in the QC program?

A. It is acceptable to obtain a questionnaire or other QC verifications by mail for the Virgin Islands if a contact is necessary. The verification request should be mailed directly to the claimant or employer. Following is an example.

Some time after the claimant filed a UI claim in New York, he moved to the Virgin Islands. The last week the claimant lived in New York was selected for QC investigation. Since the Virgin Islands does not participate in the QC program, the questionnaire was mailed to the claimant for completion.

6. Q. Two problems are recurring regarding the QC unit's handling of potential nonmonetary determinations. The first problem is when QC does not adequately pursue or document potential nonmonetary issues. The second is when the QC unit is following SESA policy regarding pursuit of nonmonetaries and that policy is in conflict with Federal requirements. For example, assume a claimant is discharged for "poor performance." Because of the reason for separation, the local office did not conduct any fact finding and held the claimant eligible. The QC unit accepted the local office findings and obtained no additional information other than a signed statement from the employer stating "Discharge-poor performance." How should the SESAs and RO monitors handle these situations?

A. In response to the first issue, adequate pursuit, it is true that a claimant's separation for a reason "other than lack of work" does not necessarily result in a nonmonetary determination. However, the SESA/QC unit must obtain enough information to determine whether a nonmonetary determination is necessary. The Employment Security Manual, Section 6013 details the five elements for claim determinations. The first two are:

1. It is the responsibility of the agency to take the initiative in the discovery of information. This responsibility may not be passed on to the claimant or the employer.

2. Evidentiary facts must be obtained as distinguished from ultimate facts or conclusions. That a worker was discharged for misconduct is an ultimate fact or conclusion; that he destroyed a machine upon which he was working is a primary or evidentiary fact, and the sort of fact that the requirement refers to.

In the above example, the QC unit should have, as a minimum, conducted nonmonetary fact finding to the point of determining that misconduct did or did not exist. Questions should have been asked such as: how long did the claimant work on the job; what were the claimant's performance standards; did he ever meet those standards; was he ever warned about poor performance and was there a last incident that caused the discharge. Each QC case should be able to stand alone and should contain adequate documentation to support any conclusions.

In response to the second issue, if it appears that a SESA's procedures are in conflict with Federal requirements, the RO should pursue this as a UI program problem.

7. Q. Chapter VI of ET Handbook No. 395 states that each key week must be investigated. It also states that certain information needs to be verified. These terms seem to be used interchangeably. For QC purposes, is there a difference between investigating and verifying?
- A. No. The QC investigation is the mechanism for intensively reviewing payments to determine if they were made to eligible claimants and, if so, whether payments were made in the proper amounts. Webster defines verify as "to test or check the accuracy or correctness of, as by investigation, comparison with a standard, or reference to the facts." Investigate is defined as "to search into; examine in detail; inquire systematically." The QC process includes all of these descriptions. Investigators should not just obtain a completed form from a claimant or employer without exploring its contents regarding all areas of eligibility which could directly affect the key week and the establishment of the initial claim. For example:

A QC claimant had reported earnings for two weeks in the benefit year prior to the key week. When contacting the last employer to verify reason for separation, the two weeks of earnings were also verified.

This claimant had worked four years for this employer, frequently on a partial status. It would be logical to investigate the employer's payroll for every week claimed in the benefit year prior to the key week to determine if there was employment for weeks other than the two listed by the claimant.

C. DATA PROCESSING

Not Applicable

D. DATA ELEMENTS

1. Q. Element B-8 - Normal Hourly Wage. How should this element be coded when it appears there is no "normal" hourly wage or "primary" occupation? For example:

A youthful claimant, who has apparently not settled into a permanent career field, has base period employment in several unrelated occupations and has earned wages at diverse hourly rates.

- A. In the unusual situation where the normal hourly wage is not obvious, SESAs may use the hourly wage from the last employer or may figure an average from the base period employers (and subsequent, if any). What is important is that the calculation for this item be made in a consistent manner so that the data are useful to the State for analysis.

2. Q. Elements D 3 & 7 - Recall Status Before and After. could another code "3 Return to Work with a New Employer" be added. Adding this code would clarify, for example, why a case was not coded as being improper due to lack of work search when there were no work search contacts during the key week. Currently, such cases are only explained in the summary of investigation. The coding does not reflect this situation at any point.

- A. Since the Office of Management and Budget (OMB) approval is required for any official changes to the DCI, the Department of Labor policy is to wait one year from the official implementation of the program before any DCI changes are proposed. SESAs that wish to capture additional information may create their own items on a State options screen. In the interim, we are recording such suggestions so that they will not have to be repeated at a later date when suggestions are requested.

3. Q. Combined Wage Claims (CWC) are a significant contributor to improper payments. Can a code under "error cause" be added so these can be identified?

- A. The limitations explained for question #2 apply here too. In the meantime, a State option code could be created to capture this information.

4. Q. Element H 1-8 - Regarding error classification, can two unrelated issues be coded for the KW when it appears one would negate the other or when official action is only taken on one?

A. Yes. In order to maximize its effectiveness as a management tool, the QC program needs to identify all actions that could affect the propriety of payments. The error classification system was developed so that SESAs could separately code up to three issues that affected the KW. For example:

Due to the QC investigation, a claimant is disallowed benefits indefinitely beginning with the effective date of the claim due to a voluntary quit. Also, the weekly benefit amount was increased due to misreporting of wages. In this example, both issues would be coded in screen H.

5. Q. Element H 9 & 10. Total Whole \$ Amount of Overpayments and Underpayments. Why can some cases be coded an improper payment for the KW with no entry in items H-9 or 10 and other cases be coded as a proper payment with an entry in item H-9 or 10?

A. Items H-9 and 10 can relate to actions totally separate from the KW. In fact, one of the purposes of the items is to show where official action was taken on the claim as a result of the QC investigation even though the case is coded as a proper payment. These items also allow SESAs to code the total amount of large over/under payments rather than just the KW amount.

6. Q. Some confusion exists regarding data elements that require the rounding of wage fields to whole dollar amounts. How should QC units code these elements?

A. One of the goals of QC is to obtain consistent data from each SESA. SESAs that have formal written policies regarding the rounding of dollars should follow those policies for all data fields to which the SESA policy applies. States without specific written policies should round to the nearest whole dollar.